

CITY COUNCIL STUDY SESSION

TO: Mayor and City Council
FROM: Mari E. Macomber, City Manager

SESSION DATE: September 25, 2007
TIME: 5:30 p.m.
PLACE: City Council Chambers

AGENDA:

- **AmerenUE Update**
- **Utility Fund and Ordinance Review**
- **Fire Truck Update**
- **Proposed Ordinance Changes**
- **Newsletter Review – September 21, 2007**

INTRODUCTION

AMERENUE UPDATE

AmerenUE sought a rate increase from the Public Service Commission and received approval in May of this year. This will be the first rate increase that AmerenUE has imposed in 20 years. I have asked Annette Sweet, with AmerenUE to attend the City Council Study Session to talk to the Council about the details of the rate increase, how it will affect people locally and to give a general update on the work of AmerenUE.

Included for your information are several handouts that were provided by Ms. Sweet.

Recommended Action:

The City Council does not need to take any action on this presentation.

UTILITY FUND AND ORDINANCE REVIEW

At the City Council retreat in September staff discussed the upcoming water and sewer rate ordinance change. The City began with a change in the ordinance over five years ago that established a five year rate plan with the intent to then begin reviewing the rates for service on an annual basis as part of the City Council Retreat starting with the planning for the 2008 budget year.

The Council reviewed the proposed rate structure, which includes a basic deliver fees for water and sewer services, and to lower the monthly minimum consumption for water service. Included for your information is the cash flow for the Utility Fund using this method and then a percentage increase for each year thereafter.

In addition to the rate structure, there are a number of ordinance changes that need to be made to improve our operations and minimize our revenue loss. Included for your information is a summary document that outlines the various changes to the ordinance, after each change an explanation box is included.

Many of the changes reflect changes in the fees assessed for service to more accurately account for the time and cost it takes. There are also provisions that have strengthened the language to reduce the number of individuals who turn water on without signing up for the service. In reality, individuals who do turn the water on, are stealing the water and should be accountable for their actions.

Recommended Action –

Review the attached Ordinance changes that would affect how the utility bills are calculated and the cash flow projections for 2008 through 2011. If the rates meet with City Council approval, a public hearing will be scheduled for the first City Council meeting in November. The City Council will also need to go through each recommended change to insure understanding for the rationale behind the change.

FIRE TRUCK UPDATE

The City Council established an annual allocation for fire equipment of \$100,000 with the passage of the ¼ cent Capital Improvement Sales Tax. The allocation of these funds is the first time that this equipment will be guaranteed money to be used for the replacement of the various fire trucks and other apparatus that is used.

Previously, funds were allocated for truck replacement, but the trucks were not always purchased as a priority, and when the City purchased the Standard Register building, the truck was delayed indefinitely.

As the Fire Department personnel began the long range planning for future truck replacement. They realized that due to the cost of the ladder/ platform truck, it would be nine years before another truck could be replaced. The Fire Chief started working through the numbers and the needs of the Department and began to question whether or not a new or used ladder/platform truck would serve our needs, and allow us to replace the pumper trucks that we use more frequently sooner.

Recommended Action –

The City Council is asked to support the purchase of a used ladder/platform truck and allow staff to spend the funds necessary to evaluate the condition of the trucks to determine the best truck for the City's use.

PROPOSED ORDINANCE CHANGES

City staff is responsible for reviewing current City Codes to identify changes that need to be made to insure compliance with state law. The Codes should also be reviewed to improve upon the efficiency of operations, or to eliminate problems that have been identified with the language of the ordinance.

The Police Department Administrative staff has completed a review of various City Ordinances and is suggesting changes. Most of the changes will bring our Codes in line with state requirements.

There are proposed changes that are being requested for other reasons. The first is a change in the licensing of dogs. We are asking that the Ordinance provide some flexibility to establish a fee to cover administrative costs. There are also several proposed changes to the ordinance that would assist the department in handling complaints regarding vicious dogs. Staff is also asking the City Council to consider adding language regarding the use of a boot to reduce parking violations. Due to staffing constraints, and the paperwork that is required for these types of violations, we have not been as successful in reducing violations. The boot would be used in those instances when the owner has a minimum of three unpaid parking violations. The final area for discussion concerns restrictions on pocket bikes and scooters that would require a pocket bike to be a minimum height to be street legal and would require insurance for motorized bikes and some sort of licensing requirement.

Recommended Action –

The changes being proposed are intended to improve efficiency and to better protect the citizens. A review of the recommended changes will need to be made by the City Attorney to insure we are in compliance with state law. Based upon his review, it is recommended that the City Council support the changes and direct that appropriate ordinance changes be drafted for council consideration.

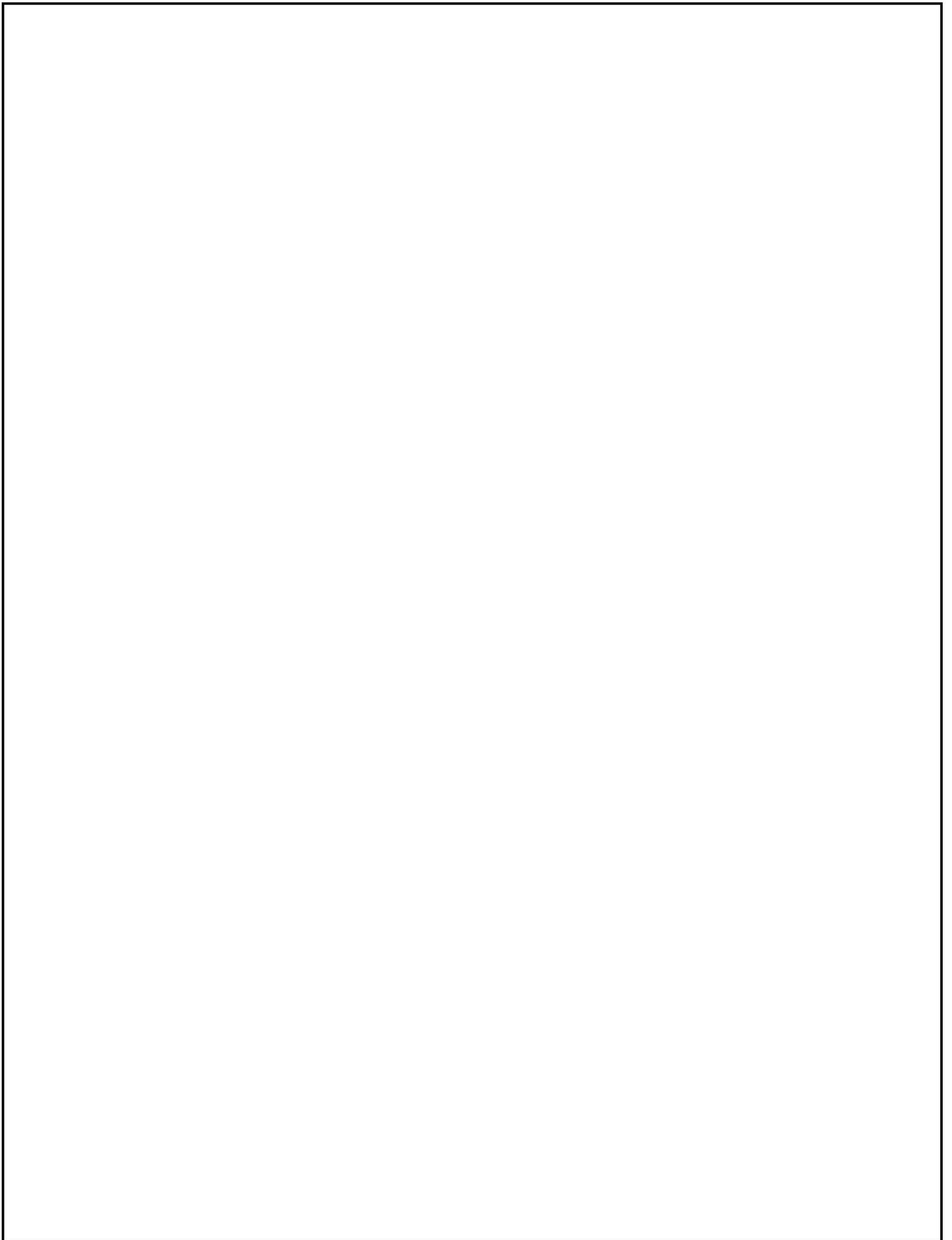
NEWSLETTER REVIEW – September 21, 2007

Attachments

- AmerenUE Information – pgs. 5 - 9
- Staff Report on Water and Sewer Rates – pgs. 11 - 13
- Staff Report on Water and Sewer Ordinance – pgs. 15 - 20
- Staff Report on Fire Truck – pgs. 21 - 22
- Staff Report on Ordinance Changes – pgs. 23 - 24

Enclosure

Newsletter



Ameren Corporate Facts

NYSE ticker symbol: AEE

ADDRESS One Ameren Plaza
1901 Chouteau Avenue
St. Louis, MO 63103

WEB ADDRESS: www.ameren.com
For more detailed information see Securities & Exchange Commission Filings found at www.ameren.com on the Investors page.

Ameren Corporation is the parent of:

- **AmerenCILCO**, based in Peoria, Ill.;
- **AmerenCIPS**, based in Springfield, Ill.;
- **AmerenIP**, based in Decatur, Ill.; and
- **AmerenUE**, based in St. Louis, Mo.

Ameren was created by the December 1987 merger of CIPSCO Incorporated and Union Electric Company. In 2003, Ameren grew with the acquisition of CILCORP Inc., parent of Central Illinois Light Company, now operating as **AmerenCILCO**, and in 2004, Ameren acquired Illinois Power Company — now operating as **AmerenIP** — from Dynegy Inc. Ameren employees, totaling approximately 9,000, provide energy services to approximately 2.4 million electric customers and nearly one million natural gas customers across 64,000 square miles in Illinois and Missouri.

Ranking in the top quartile in market capitalization among the nation's utility companies, Ameren includes among its subsidiaries, in addition to **AmerenCILCO**, **AmerenCIPS**, **AmerenIP** and **AmerenUE**, the following operating entities:

- **AmerenEnergy**, the power marketing and risk management agent for AmerenUE;
- **AmerenEnergy Resources**, the holding company for non-rate-regulated generation, development, marketing and fuels services companies — **AmerenEnergy Generating Company**, **AmerenEnergy Development**, **AmerenEnergy Medina Valley Cogen, LLC**, **AmerenEnergy Marketing** and **AmerenEnergy Fuels & Services**;
- **AmerenEnergy Resource Generating** — an **AmerenCILCO** subsidiary that operates non rate-regulated generation; and
- **Ameren Services**, which provides support services to the corporation and its subsidiaries.

ELECTRIC UTILITIES

AmerenCILCO provides electricity to approximately 215,000 customers in 19 counties, serving towns in east and central Illinois. Founded in 1913 through a series of mergers involving seven existing gas and electric companies, **AmerenCILCO** provides gas and electric services to Peoria and 26 surrounding communities.

AmerenCIPS provides electric service in 70 counties throughout a 20,500-square-mile area. Founded in 1902, **AmerenCIPS** today serves nearly 400,000 retail electric customers in 276 communities with a service territory that includes more than 7 percent of the state's population and 35 percent of its surface area — including Quincy and East St. Louis to the west and Mattoon and Marion to the east and south.

Founded in 1923, **AmerenIP** provides electric service to about 625,030 electric customers — an aggregate population of 1.4 million — in 313 incorporated municipalities across 15,000 square miles of central, east central and southern Illinois. **AmerenIP** provides service to nine cities with populations greater than 30,000, including Danville, Decatur, Belleville, Bloomington-Normal, Champaign-Urbana, Galesburg and Granite City.

Founded in 1902, **AmerenUE** — Missouri's largest electric utility — provides electric service to approximately 1.2 million customers across central and eastern Missouri, including the greater St. Louis area. **AmerenUE** serves 65 Missouri counties and 500 towns. More than half (55 percent) of **AmerenUE**'s electric customers are located in the St. Louis metropolitan area.

ELECTRIC GENERATION

Ameren companies' net generating capacity is more than 18,200 megawatts (MW), including Ameren's 80 percent share of the Electric Energy, Inc., Joppa, Ill., generating facilities.

REGULATED OPERATIONS

AmerenUE Facilities:

Coal-fired Facilities

- **Labadie Plant**
Franklin County, Mo.
Size: 2,389 MW, Began Operation: 1970
- **Meramec Plant**
St. Louis County, Mo.
Size: 855 MW, Began Operation: 1953
- **Rush Island Plant**
Jefferson County, Mo.
Size: 1,163 MW, Began Operation: 1976
- **Sioux Plant**
St. Charles County, Mo.
Size: 993 MW, Began Operation: 1967

Nuclear Plant

- **Callaway Nuclear Plant**
Callaway County, Mo.
Size: 1,190 MW, Began Operation: 1984

Combustion Turbines (CTG)

Natural Gas or Oil-fired Facilities

- **Audrain Power Plant**
Vandalia, Mo.
Size: 600 MW, Purchased 2006
- **Goose Creek Power Plant**
Piatt County, Ill.
Size: 450 MW, Purchased 2006
- **Kimminly Power Plant**
Marion County, Ill.
Size: 232 MW,
Purchased 2005 from an affiliate;
Began Operation: 2001
- **Peno Creek Power Plant**
Bowling Green, Mo.
Size: 188 MW, Began Operation: 2002

- **Pinckneyville Power Plant**
Perry County, Ill.
Size: 320 MW,
Purchased 2005 from an affiliate;
Began Operation: 2000
- **Raccoon Creek Power Plant**
Clay County, Ill.
Size: 300 MW, Purchased 2006
- **Venice Power Station**
Venice, Ill.
Size: 501 MW, Began Operation: 2005

Other CTG units totaling around 435 megawatts.

Hydroelectric Plants

- **Keokuk Plant**
Keokuk, Iowa
Size: 134 MW, Began Operation: 1913
- **Osage Plant**
Lakeside, Mo.
Size: 226 MW, Began Operation: 1931
- **Tam Saak Plant**
(pumped storage)
Reynolds County, Mo.
Size: 440 MW, Began Operation: 1963
Not currently in service

NON-RATE-REGULATED OPERATIONS

AmerenEnergy Generating Company:

Primarily Coal-fired Facilities

- **Colleen Power Plant**
Montgomery County, Ill.
Size: 900 MW, Began Operation: 1965
- **Hutsonville Power Plant**
Crawford County, Ill.
Size: 156 MW, Began Operation: 1953
- **Meredosia Power Plant**
Morgan County, Ill.
Size: 513 MW, Began Operation: 1948
- **Newton Power Plant**
Jasper County, Ill.
Size: 1,151 MW, Began Operation: 1977

Combustion Turbines (CTG)

Natural Gas-fired Facilities

- **Columbia Energy Center**
Boone County, Mo.
Size: 140 MW, Began Operation: 2001
- **Elgin Energy Center**
Cook County, Ill.
Size: 452 MW, Began Operation: 2002
- **Gibson City Power Plant**
Ford County, Ill.
Size: 232 MW, Began Operation: 2000
- **Grand Tower Power Plant**
Jackson County, Ill.
Size: 516 MW, Began Operation: 1951
Repowered in 2001
- **Joppa (1-3)**
Joppa, Ill.
Size: 162 MW, Began Operations: 2000

AmerenEnergy Medina Valley Cogen, LLC

Natural Gas-fired Facility

- **Medina Valley Cogen Plant**
Mossville, Ill.
Size: 44 MW, Began Operation: 2001
Produces electricity, steam and chilled water for Caterpillar Inc.'s adjacent engine manufacturing facility.



Electric Energy, Inc. Facilities:

Coal-fired Plant

- Joppla Generating Station
Joppla, Ill.
Size: 800 MW, Began Operation: 1953

Combustion Turbines (CTG)

Natural Gas-fired Facility

- Joppla CTGs (4-5)
Joppla, Ill.
Size: 44 MW, Began Operation: 2000

AmerenEnergy Resources Generating Facilities:

Coal-fired Plants

- Duck Creek Plant
Canton, Ill.
Size: 349 MW, Began Operation: 1976
- E.D. Edwards Plant
Bartonsville, Ill.
Size: 740 MW, Began Operations: 1960

Natural Gas-fired Facilities

- Indian Trails Cogen Plant
Pekin, Ill.
Size: 10 MW, Began Operations: 1995
- Sterling Avenue Facility
Peoria, Ill.
Size: 30 MW, Began Operations: 1967

NATURAL GAS OPERATIONS

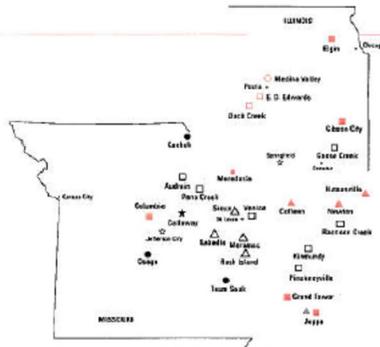
The combined natural gas operations of **AmerenCILCO**, **AmerenCIPS** and **AmerenIP** rank as the third largest Illinois natural gas distribution operation in total number of customers. **AmerenUE** is the third largest distributor of natural gas in Missouri.

AmerenCILCO serves more than 220,000 Illinois customers, including the cities of Peoria and Springfield and is directly connected to five interstate natural gas pipelines with the ability to purchase from multiple suppliers. **AmerenCILCO** has about 3,800 miles of natural gas transmission and distribution mains and two underground storage fields with eight billion cubic feet of capacity.

AmerenCIPS has provided natural gas service for more than 75 years and today distributes natural gas to nearly 190,000 customers in more than 270 Illinois communities. **AmerenCIPS** operates 5,270 miles of natural gas transmission and distribution mains. It also owns and operates three underground storage fields, with a total capacity of approximately three billion cubic feet.

AmerenIP supplies retail natural gas to 425,000 customers in 258 incorporated municipalities and adjacent areas. The company owns 8,560 miles of natural gas transmission and distribution mains and seven underground natural gas storage fields with a total capacity of approximately 15 billion cubic feet.

About 125,000 of **AmerenUE**'s 1.2 million customers are natural gas customers. **AmerenUE** serves gas customers in more than 90 Missouri communities, including towns in southeast, central and eastern Missouri. The company owns 3,010 miles of natural gas transmission and distribution mains.



- ▲ AmerenUE Coal-Fired Plants
- AmerenUE Hydro Plants
- ★ AmerenUE Nuclear Plant
- AmerenUE CTGs
- ◻ AmerenEnergy Resources Generating Coal-Fired Plants
- ◇ Ameren Cogeneration Plant
- ▲ AmerenEnergy Generating Coal-Fired Plants
- ◻ AmerenEnergy Generating CTGs
- ◻ AmerenEnergy Generating Coal-, Oil- & Gas-Fired Plant
- ▲ Electric Energy Inc. (90 percent owned by AmerenUE) Coal-Fired Plant

RATES AND REGULATION

Electric Rates

Missouri

With the expiration of an electric rate moratorium that provided for no changes in **AmerenUE**'s electric rates before July 1, 2006, **AmerenUE** filed on July 7, 2006, a request with the Missouri Public Service Commission for a retail electric rate increase of 17.7%, or \$361 million.

AmerenUE has not had an increase in electric retail rates since 1987 and is proposing to limit the increase on residential rates to 10% — allocating requested revenue amounts above that level to other customer classes.

Since its last electric rate case in 2002, **AmerenUE** has invested approximately \$2.5 billion in its electric operations. Those investments included more than \$700 million for 2,600 megawatts of new generation to meet growing customer power demands.

The Missouri Public Service Commission staff in December 2006 filed a rate complaint arguing for a rate decrease. A decision on **AmerenUE**'s rate increase request is expected from the commission no later than June 2007.

Illinois

Under the 1997 Illinois customer choice law, **Ameren** Illinois utilities' (**AmerenCILCO**, **AmerenCIPS** and **AmerenIP**) bundled electric rates initially were frozen first through Jan. 1, 2005, and then through legislative action, through Jan. 1, 2007. Power supply agreements established to supply **Ameren** Illinois utilities' customers expired Dec. 31, 2006.

Realizing a new approach would be necessary in 2007, state regulators in 2004 conducted workshops to seek input from interested parties on the framework for future retail electric rates and power procurement after expiration of the rate freeze and power supply contracts.

In February 2005, **Ameren** Illinois utilities filed with the Illinois Commerce Commission (ICC) a proposed process for power procurement — an ICC-monitored auction, including, among other things, a rate mechanism to pass power supply costs directly through to customers dollar-for-dollar with no mark-up by the utilities. In January 2006, the ICC unanimously approved that process. In accordance with that ICC order, the power

procurement auction was conducted at the beginning of September 2006 and declared successful by the independent auction manager.

In December 2005, **Ameren** Illinois utilities filed rate cases with the ICC requesting increases in electric delivery service rates effective Jan. 2, 2007. In November 2006, the ICC granted less than half of the aggregated requested revenues — or \$97 million in increased rates; **Ameren** Illinois utilities were granted rehearing on certain aspects of the ICC's ruling in this case.

With increased power supply costs and higher delivery service rates beginning in 2007, average residential customers are paying a monthly increase of about \$26 for **AmerenIP** and **AmerenCIPS** customers — 40% higher than present electric rates. For **AmerenCILCO** residential customers, the purchase of power on the wholesale market and increases in delivery service rates mean an increase of approximately \$33, or 55% over present rates.

These increases represent the first electric rate increases for **Ameren** Illinois residential customers in 15 to 25 years. Since 1997, rates have been reduced between 5% and 20% depending on the utility. With these increases, **Ameren** Illinois utilities' residential rates are now in line with the national average for residential retail electric rates.

Plan to Soften Impact of Higher Costs

In December 2006, the ICC approved **Ameren** Illinois utilities' plan to soften the impact of expected higher electric rates for residential customers. The Customer Elect Plan allows approximately 90% of the companies' customers the choice of either paying the full amount of higher electricity costs in 2007 or phasing in increases over a period of years. Under this plan, increases would be phased-in at an annual maximum increase of 14% for each of three years (2007-2009) or until the full amount of the rate increase is reached, whichever is earlier. At the end of the phase-in period, customers would have three years (2010-2012) to repay the deferred costs at a carrying charge interest rate of 3.25% — well below the companies' cost to borrow. As part of this filing, **Ameren** Illinois utilities will make an additional contribution of \$15 million to their Dollar More and Warm Neighbors programs, which provide bill paying assistance, energy conservation materials and rebates for energy efficient equipment. Customers can sign up for this plan by visiting www.ameren.com.

Natural Gas Rates

Missouri

In July 2006, **AmerenUE** filed a request with the Missouri Public Service Commission for an \$11 million increase in natural gas delivery rates, based on an 11.5% return on equity, and a rate base of \$200 million with a capital structure including about 52% common equity. A decision from the Missouri Public Service Commission is expected no later than June 2007.

Illinois

Citing major capital investments in their natural gas distribution systems, plus higher maintenance and operating costs, **AmerenCILCO**, **AmerenCIPS** and **AmerenUE**-Illinois (now part of **AmerenCIPS**) received ICC approval for natural gas delivery rate increases in fourth quarter 2003.

In May 2005, the ICC issued an order awarding **AmerenIP** increases in annual natural gas delivery rates of \$11 million. The increase is the company's first in gas delivery rates since 1994 and only the third such increase in 25 years.

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AmerenUE Receives First Electric Rate Increase in 20 Years

On May 22, AmerenUE received a ruling from the Missouri Public Service Commission (MoPSC) granting the company its first electric rate increase in 20 years.

This approximately \$42 million increase means that electric rates for an average residential customer will increase by about \$2.33 a month, beginning June 4, 2007.

With this increase, a residential customer using approximately 1,000 kilowatthours (kWh) of electricity monthly will still be paying about \$7 less a month than in December 1987—when the last electric rate increase for AmerenUE took effect. In fact, AmerenUE’s rates will still be 37 percent below the national average following this increase.

AmerenUE filed for the rate increase in July 2006 to seek recovery of the company’s continual investments in its energy infrastructure, renewable generation, environmental upgrades and reliability enhancements.

Since the company’s last rate case, AmerenUE’s annual investments in energy infrastructure rose approximately 50 percent. AmerenUE has invested approximately \$2.6 billion in its electric operations since 2002 alone. Meanwhile, the costs of everything the company needs to generate and deliver electricity—from coal to wire—have increased dramatically.

In addition, the company has increased its budget for tree-trimming to approximately \$50 million annually. And, in the next decade, AmerenUE will be required to invest \$1.2 to \$1.6 billion over the next 10 years to meet environmental standards, invest in environmentally friendly renewable generation and begin preparation for its next base load plant addition.

On May 31 AmerenUE sought a rehearing on certain provisions of the ruling. That rehearing is still pending.

Here is a breakdown of the percentage increase for different customer classes:

Residential Service	3.2%
Small General Service	2.7%
Large General Service	1.2%
Small Primary Service	3.1%
Large Primary Service	2.7%
Large Transmission Service	-5.4%
Lighting Rates	2.1%
Total	2.1%

**AMERENUE
ELECTRIC RATE CHANGES SINCE 1988**

<u>Effective Date</u>	<u>Customers Affected</u>	<u>Dollar Amount</u>	<u>Percent Change</u>
November, 1990	Commercial & Industrial	\$30.0 Million	1.99% Reduction
January, 1993	Commercial & Industrial	\$40.0 Million	2.47% Reduction
August, 1995	All Classes	\$30.0 Million	1.82% Reduction
August, 1995	All Classes	\$30.0 Million	1.82% Refund
January, 1997	All Classes	\$43.7 Million	2.51% Refund
July, 1998	All Classes	\$17.9 Million	1.05% Refund
March, 2000	All Classes	\$15.9 Million	0.96% Reduction
April, 2000	All Classes	\$26.1 Million	1.50% Refund
May, 2000	All Classes	\$26.5 Million	1.50% Refund
December, 2000	All Classes	\$20.4 Million	1.10% Refund
May, 2001	All Classes	\$28.0 Million	1.50% Refund
April, 2002*	All Classes	\$50.0 Million	2.70% Reduction
August, 2002*	All Classes	\$40.0 Million	2.20% Refund
April, 2003*	All Classes	\$30.0 Million	1.60% Reduction
April, 2004*	All Classes	\$30.0 Million	1.60% Reduction

TOTAL REFUNDS SINCE 1988

13.18%

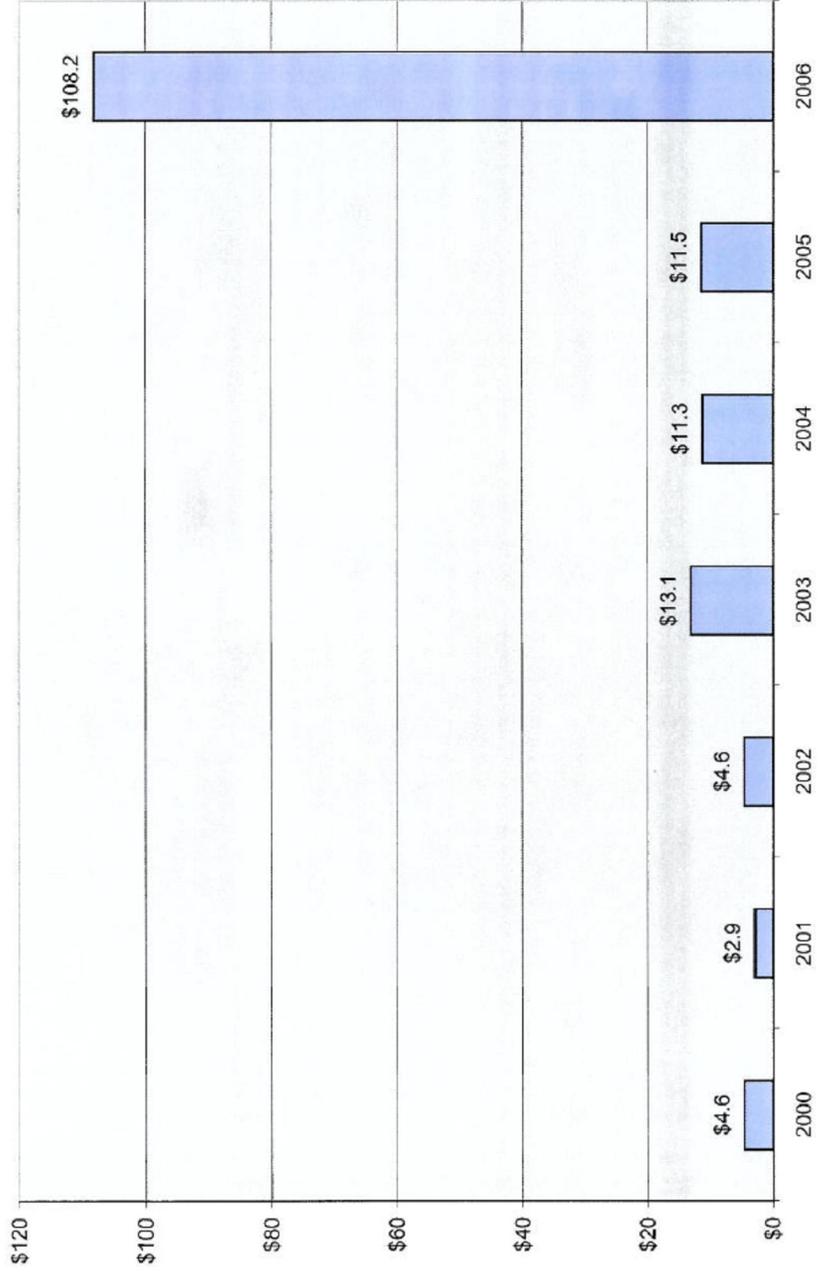
TOTAL REDUCTIONS IN RATES SINCE 1988

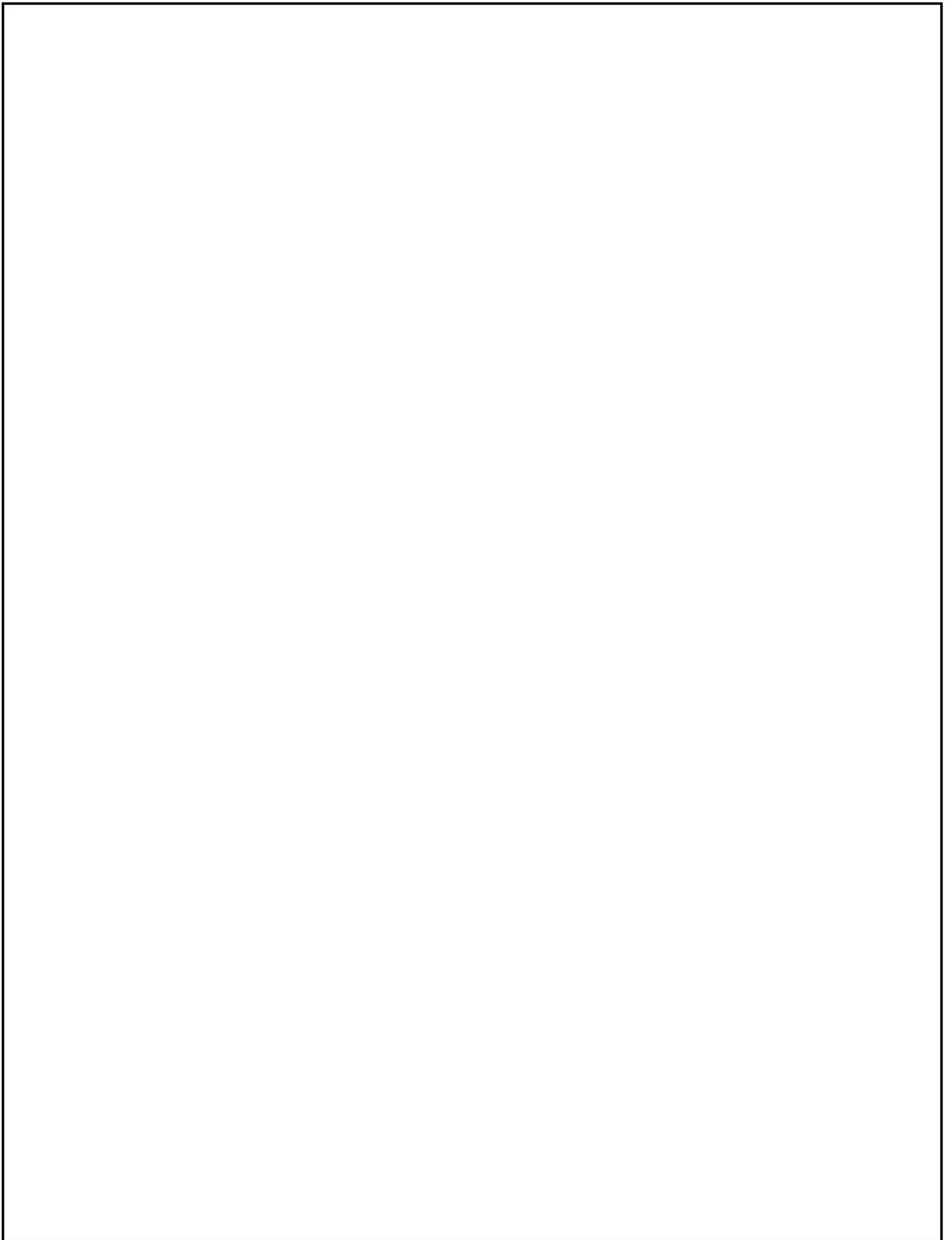
13.14%

* Based upon the 7/16/2002 rate case settlement with the MoPSC

Revised: August 27, 2003

**Annual storm restoration gets more costly
\$ Spent on Restoration After Major Storms
(in millions)**





KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Water and Sewer Rates

STUDY SESSION MEETING DATE: September 25, 2007

CITY DEPARTMENT: Finance

PREPARED BY: Laura Guy, Finance Director

Staff presented a preliminary water and sewer user charge rate increase recommendation to Council at the September 4th retreat. The recommended changes were to add a monthly \$5 service availability fee to both water and sewer services provided and to lower the minimum consumption from the current 300 cubic feet per month to 100 cubic feet per month.

These recommendations were reviewed after concern was expressed about whether these changes would provide adequate cash inflow to cover future funding requirements for operations, capital, increasing debt service, federal and state mandates and to build a reserve for unexpected needs. Additionally, for the city to qualify for participation in the State Revolving Loan Fund program to fund extensive capital projects, operating revenues are required to exceed operating expenditures by a sufficient margin to allow for 110% annual debt coverage.

Since these rates are to be reviewed annually during the budget setting process with the Council, staff feels that the recommendation presented in the following will be the first step in sustaining quality water and sewer operations.

Sec. 25-60.1. City customers and public water supply districts.

Effective January 1, 2008, water user charges will be comprised of two components: a fixed service availability fee and a volume charge based on the amount of water usage.

- (a) The service availability fee shall be a monthly charge of \$5.00 per service connection.
- (b) A minimum monthly volume charge equal to the cost of 100 cubic feet of water usage per month shall be made to all water customers whose water usage does not exceed 100 cubic feet of water per month.
 - (1) Effective January 1, 2008 the first 2,000 cubic feet will cost \$2.32 per 100 cubic feet.
 - (2) Effective January 1, 2008, the next 98,000 cubic feet of water used will cost \$2.03 per 100 cubic feet.
 - (3) Effective January 1, 2008, water usage over 100,000 cubic feet of water used will cost \$1.87 per 100 cubic feet.

Sec. 25-60.2. Suburban customers.

Suburban customers shall pay for water usage based on the same formula as proscribed in section 25-60.1 except that the volume charge shall be 150 percent of the city rate. The minimum volume charge shall also be 150 percent of the city customer rate for usage which does not exceed 100 cubic feet of water per month. The service availability fee will be equal to the fee charged to city customers.

Sec. 25-60.3. Industrial customers.

Effective January 1, 2008, the rate for industrial customers located inside the city limits of Kirksville shall be the same formula as proscribed in section 25-60.1 except that the rate for water usage in excess of 400,000 cubic feet shall be \$0.5345 per 100 cubic feet for water usage in excess of 400,000 cubic feet.

Sec. 25-113. Basic sewer use charges.

Monthly charges for the use and services of the POTW shall be based on the quantity of water used on the premises served, except as otherwise provided in this article.

Effective January 1, 2008, base sewer user charges will be comprised of two components: a fixed service availability fee and a volume charge based on the amount of water usage.

- (a) The service availability fee shall be a monthly charge of \$5.00 per service connection.
- (b) A minimum monthly volume charge equal to the cost of 100 cubic feet of water usage per month shall be made to all sewer customers whose water usage does not exceed 100 cubic feet of water per month.
 - (1) Effective January 1, 2008 the base volume charge shall be \$2.50 per 100 cubic feet of water used at the premises as measured by one or more city water supply meter(s) installed on the premises, where the city is the water purveyor.

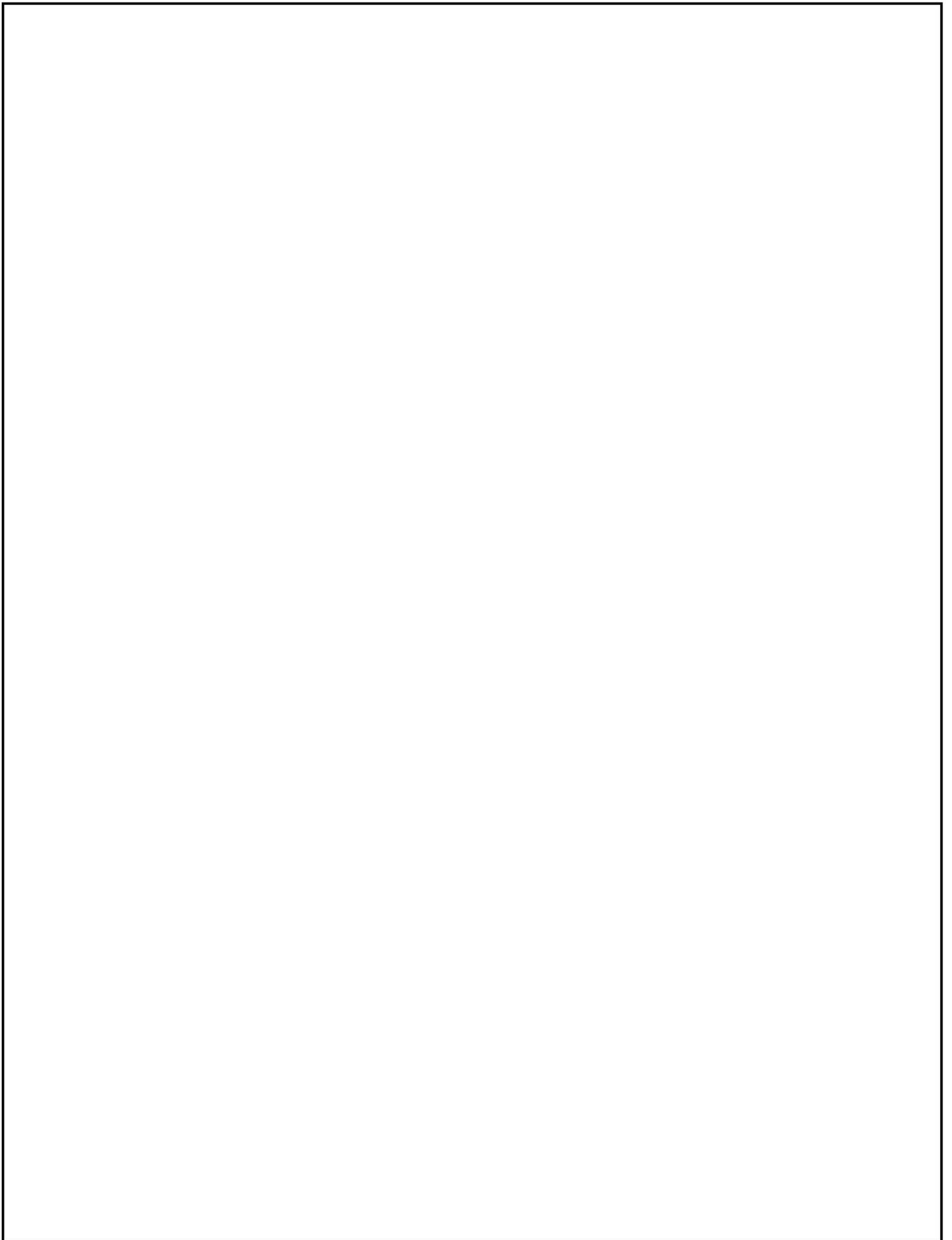
Sewer customers located inside the corporate limits of the city and served by the rural water district shall be billed a monthly flat rate which reflects the average water consumption of all rural water district customers connected to the city sewer during the preceding 12 months. Effective January 1, 2008, in addition to the applicable volume charge, each of these unmetered city customers will be assessed the monthly service availability fee as outlined in Sec. 25-113. The city may elect to contract with the rural water district for the collection of this fee, but is not required to do so.

Sewer customers located outside the corporate limits of the city shall pay 150 percent of the applicable sewer volume charge for the same customers inside the city limits, regardless of whether the sewer use fee is assessed on a basis of actual water consumption, an annually adjusted flat fee as provided herein, the addition of excess use charges as provided herein, or other method as so determined. The minimum charge shall be 150 percent of the city customer rate for usage which does not exceed 100 cubic feet of

water per month. Effective January 1, 2008, in addition to the applicable volume charge, each of these city sewer customers will be assessed the monthly service availability fee as outlined in Sec. 25-113.

UTILITY FUND COMBINED PROJECTED CASH FLOW

	2007	2008	2009	2010	2,011
Beginning Balance-pooled cash	477,280	842,000	1,198,000	1,320,000	378,000
REVENUES					
Water Sales	2,462,125				
Service Availability		412,320	412,320	412,320	412,320
Consumption 10% rate increase (eff 2009)		2,545,240	2,799,764	3,079,740	3,387,714
Sewer Use Charge	1,885,630				
Service Availability		384,720	384,720	384,720	384,720
Consumption 10% rate increase (eff 2009)		1,906,000	2,096,600	2,306,260	2,536,886
Total Sales Revenues	4,347,755	5,248,280	5,693,404	6,183,040	6,721,640
Transfers In	41,198	34,795	0	0	0
Bond Proceeds	3,547,166	3,595,000	530,000	791,375	281,250
Rental Income	126,946	129,485	132,075	134,720	134,720
Interest on Invested Funds	444,480	552,265	642,265	732,265	730,000
Other Revenues	528,086	526,050	525,000	525,000	525,000
Total Revenues	9,035,631	10,085,875	7,522,744	8,366,400	8,392,610
EXPENDITURES					
Operating Expense					
Contribution to General Fund	283,830	262,420	284,674	309,154	336,086
Other (Estimated at 2% growth)	3,062,990	3,186,250	3,249,975	3,314,974	3,381,274
Total Operating Expenses	3,346,820	3,448,670	3,534,649	3,624,128	3,717,360
Debt Service					
Existing	1,108,775	1,399,305	1,753,030	1,778,240	1,778,240
Wastewater Capital Outlay					
Land	42,000	0	0	0	0
Equipment	69,554	247,000	223,685	109,548	0
Sewer System Projects	25,000	115,000	150,000	1,715,620	1,200,000
SRF Eligible Projects	495,000	1,760,000	530,000	791,375	281,250
Transfer to Replacement Fund	0	175,000	175,000	175,000	175,000
Total Wastewater Capital	631,554	2,297,000	1,078,685	2,791,543	1,656,250
Water Capital Outlay					
Equipment	166,664	50,000	49,500	239,780	44,460
Water System Projects	144,406	379,406	564,406	354,406	314,406
SRF Eligible Projects	3,052,166	1,835,000	0	0	0
Transfer to Replacement Fund	220,594	220,594	220,594	220,594	220,594
Total Water Capital	3,583,830	2,485,000	834,500	814,780	579,460
Total Expenditures	8,670,979	9,629,975	7,200,864	9,008,691	7,731,310
Net Annual Operating Funds	841,932	1,297,900	1,519,880	677,709	1,039,301
Operating Reserve	0	100,000	200,000	300,000	400,000
Ending Cash Balance from Operations	841,932	1,197,900	1,319,880	377,709	639,301
Cash in reserve (CD)	550,000	550,000	550,000	550,000	550,000



KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Water and Sewer Ordinance

STUDY SESSION MEETING DATE: September 25, 2007

CITY DEPARTMENT: Finance

PREPARED BY: Laura Guy, Finance Director

Periodically, the water and sewer ordinance is reviewed and updated in response to new projects, need for clarification and request for increased fees. Since the Utility Fund is to be a self-sustaining operation of water and sewer services, fees need to be increased to reflect cost of services provided. The following are additions to or deletions or excerpts from Section 25 of the Code of Ordinances that are proposed to be revised. Explanation of revision is provided in a highlighted box where necessary. Upon approval of the Council, revised wordings will be reviewed by the City Attorney for proper language and terminology.

Water

Sec. 25-1. Word definitions.

Disconnection of service or termination of service shall mean the unavailability of potable water to a customer at a given service address due to either planned or otherwise actions of the customer. The usage of this term shall mean the physical stoppage of water flow at the stop box or at the meter or through the termination of service by the read out of a meter due to the inability to stop water flow.

Door hangar is a written notification to a customer of delinquency of account or of impending turn off or for other reasons that need to be communicated to the customer. The door hangar is left at an outside opening of the customer's premise.

Service means the provision of water from the city's water public water supply system to the customer at the point of delivery under the terms and conditions of this article. ~~For example, the disconnection of service means the city closes the stop box at the end of the street service pipe so that water cannot flow from the street service pipe into the customer service pipe.~~

Service availability fee means the fee assessed to each customer that enables potable water to be supplied to each service address.

Snowbird is a descriptive term for those person(s) who usually spend the winter months in a warmer locale.

Volume charge is a variable charge based on the number of cubic feet of water used during a billing period.

Changes in definitions due to need for clarification or to reflect terms used in other sections of this ordinance.

Sec. 25-20. New service connections; fees.

Customers seeking the installation of a new water service connection are required to do the following:

- (3) Pay a service connection fee of **\$100.00** per meter unless covered by section 25-38.

Increase fee from \$50.00 per meter that was implemented in 1990 in order to better reflect the cost of labor and necessary paperwork. Comparable size municipalities charge a connection fee ranging from \$100 to a 5/8" meter to \$3,900 for a 2" meter.

Sec. 25-34. Stop boxes.

- (d) **It is the customer's responsibility to provide the stop box location to the codes administrator.**

Include a provision for the customer to provide the required stop box location to the city to ensure that private installations are maintained in city files.

Sec. 25-37. Temporary connections.

- (a) **... Each renewal extension for a 6-month certificate of occupancy will require an additional \$60.00 fee payable at the time of request.**

Additional provision to require that an additional \$60.00 be charged for each 6-month renewal granted. This will undergo further review after implementation to determine if adequate charge to encourage projects to be completed timely.

- (d) **The city does not offer a private residential swimming pool filling service. Commercial swimming pools may be filled by the city upon payment of a nonrefundable set-up fee of \$200 plus a water deposit of \$150.00. Any water usage of less than \$150.00 will be refunded, while any additional water used and/or additional service time required will be billed to the customer.**

Prior to 2004, the city filled private swimming pools as a courtesy only. In 2004, this practice was stopped due to that not every request could be accommodated due to scheduling availability, availability of the fire hydrant meter and accessibility to the closest fire hydrant since we will not block streets, nor run a fire hose across the street nor across property lines. Customers with swimming pools have the option to use a hose hooked to their own service or from a private water hauler. This provision does allow for the city to still fill the Woodwinds pool or a multiple-user pool.

- (e) **The finance director reserves the right to use discretion in allowing the city's fire hydrant meter be used for residential customer benefit. Any such usage will be subject to a nonrefundable set-up fee of \$200 plus a water deposit of \$150.00. Any water usage of less than \$150.00 will be refunded, while any additional water used and/or additional service time required will be billed to the customer.**

This insertion will allow the fire hydrant meter to be used only at the city's discretion, which will be dependent upon availability and accessibility to a fire hydrant. This practice was also done as a courtesy to customers to seed lawns until 2004 when an incident occurred that took three hours of set up time of a meter that was not used which wasted staff time and with no cost recovery.

Sec. 25-42. Meter specifications and installation.

- (c) **Damage to remote readers or wires due to customer negligence or carelessness shall be paid for by the customer or property owner.**

This provision will allow the city to charge for replacement of metering appurtenances that are damaged due to lack of customer care.

Sec. 25-50. Customer application and contract for service.

- (b) **Any person who obtains service without executing the required application and customer contract shall be liable for all charges for services rendered and be subject to the provisions of Section 25-100(d). In addition, any water usage at an address during the time when there was no active customer account will subject the property owner to an illegal turn on fee of \$50.00 for each instance and for each address turned on without prior execution of a customer contract. This turn on fee shall be assessed on each party responsible for this violation, including, but not limited to the property owner and/or parties acting on his behalf, including but not limited to property managers, plumbers, etc. This fee can be charged to any active service account of the above named responsible parties.**

The inclusion of this will allow the city to assess fees on those property owners or property managers who allow water service to be turned on without prior authorization from the city. This occurs frequently for cleaning of premises or after hours or on the behalf of tenants who have not signed up for service. The practice of billing for water usage between customers has not been done in the past. If implemented, notification will be made to all applicable property managers, landlords and plumbers of the consequences of such actions.

Sec. 25-51. Security deposit.

- (b) If an applicant for service shall have previously established a satisfactory record payment of city water bills for a period of twenty-four (24) consecutive months immediately preceding the date of application, with **no delinquent bills** during the time period, then the requirement of an initial deposit shall be waived....
- (c) After a customer has established a satisfactory record of payment of a particular account for a period of twenty-four (24) consecutive months, with **no delinquent bills** during the time period, then the initial deposit for the account, if any, shall be applied to the account. **Deposits on file effective with the date of this ordinance will be subject to the requirements of this section. ...**

Prior to this change, a customer was allowed to have been delinquent three times and still qualify for a deposit return. This is more restrictive and awards those customers who are in good standing with no late payments. With the changes implemented with the new billing software and the payment options offered, customers with late payments should not be rewarded.

Sec. 25-52. Rendering and payment of bills.

- (f)(2) If payment of outstanding bill, penalty and any applicable charges is not received within ten (10) days, service will be terminated **without prior notice**.
- (g) **...and be subject to the following charges to be eligible for reconnection.**

These changes reflect further clarification.

- (g)(3) Payment of reconnection charges:
 - a. A **\$50.00 delinquent turn on fee** will be assessed when reconnection is made between the hours of 8:00 a.m. and 5:00 p.m. on Monday through Friday.
 - b. A **\$100.00 delinquent turn on fee** will be assessed when reconnection is made at any time other than as specified in the preceding subsection.

Increase in reconnection fees from \$10 and \$25, respectively, that were implemented in 1990 and which will reflect true cost of service time to disconnect and reconnect a customer who failed to pay a delinquent bill.

- (o) **As a courtesy, the city may, but is not obligated to, send out door hangars prior to disconnection. A \$20.00 fee will also be assessed on each customer subject to the receipt of a door hangar prior to reconnection or prior to re-activation of service.**

This includes in the ordinance a process that has been done as a courtesy to customers who have not paid their water bill after two prior notices. A \$10 door hangar fee has been charged for each one hand delivered. The increase to \$20 better reflects the time and expense spent on each one.

- (p) **A returned check fee of \$25.00 will be assessed to the maker for every check that has been returned to the city without being honored by a banking institution. Failure to make good on the check will subject the maker to prosecution and/or termination of water/sewer service.**

The insertion of this paragraph clarifies the action and fee assessed for every returned check received by the city. The bank charges a service fee for every returned check that is passed on to the maker of the check.

Sec. 25-53. Temporary disconnection of service.

- (a) ...A charge of **\$20.00 per each trip for disconnection** shall be assessed a customer if the city temporarily disconnects service to the customer **upon the customer's request.**

The current fee is \$10.00 per trip. This should cut down on abuse and multiple repeat trips made to the same service address for the same reason.

Sec. 25-54. Termination of service.

- (b)(3) Payment of reconnection charges:

a. A **\$50.00 delinquent turn on fee** will be assessed when reconnection is made between the hours of 8:00 a.m. and 5:00 p.m. on Monday through Friday.

b. A **\$100.00 delinquent turn on fee** will be assessed when reconnection is made at any time other than as specified in the preceding subsection.

This corresponds to Sec. 25-52.

- (c) **A snowbird convenience fee of \$75.00 will be assessed on those customers who terminate their water service for a period of five months or less who have the intent to return to the same service address and**

re-establish water service. Any absence greater than five months will be subject to an additional fee.

During the winter months, some customers will leave the city and have their services shut off. In the past, no additional charges have been paid by these customers for the service time and expense required to do these short-term shut offs. The city still incurs the expense of providing water and sewer service and these customers should support the provision of these services by being assessed a fee equal to a monthly service availability fee and the minimum volume charge.

Sewer

Sec. 25-102. Definitions.

Disconnection of service or termination of service shall mean the inaccessibility to sewer services by a customer at a given service address due to either planned or otherwise actions of the customer. The usage of this term shall mean the physical blockage of access flow into the sewer system.

Door hangar is a written notification to a customer of delinquency of account or of impending disconnection or for other reasons that need to be communicated to the customer. The door hangar is left at an outside opening of the customer's premise.

Service means to allow a customer access to sewer system privileges.

Service availability fee means the fee assessed to each customer that enables sewer accessibility to each service address.

User charge shall mean that portion of the total sewer service charge which is levied in a proportional and adequate manner for the cost of operation, maintenance and replacement of the sewer system upon the city's sewer customers.

Volume charge is a variable charge based on the number of cubic feet of water used during a billing period.

Changes in definitions due to need for clarification or to reflect terms used in other sections of this ordinance.

Sec. 25-115. Fees.

(b)(2) Permit and inspection fee for a residential or commercial building sewer (section 25-132), **\$50.00**.

Increase fee from \$25.00 per sewer tap that was implemented in 1990 in order to better reflect cost of labor and necessary paperwork

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: Truck 506 Replacement

STUDY SESSION MEETING DATE: September 25, 2007

CITY DEPARTMENT: Kirksville Fire Department

PREPARED BY: Randy Behrens, Fire Chief

Truck 506 replacement started after the Council Study session early this summer. The Fire Department put together a truck committee to work on specifications for a new Ladder/Platform truck. We sent the Ladder/Platform out to bid June and opened the bids August 7, 2007. We received 3 bids back ranging in price from \$796,000 - \$832,000. After reviewing the bids one of the companies did not include any equipment on the truck and was ruled out. The two remaining truck bids were within \$8,000 of each other with one not supplying a 3 year bumper to bumper warranty. The truck committee came up with a recommendation to purchase the Pierce Quantum Ladder/Platform unless we rejected all of the bids and started over. The truck committee thought that Pierce was going to turn in two bids with one of them being the Quantum and the other a Velocity. The truck committee was more interested in the Velocity which was not bid.

The truck committee was also tasked with a time line for replacement of the rest of the fleet. The truck committee returned with a document that would have had all of the trucks replaced by the year 2012. So using their dates on which truck needed replaced next. Put together a handout using the \$100,000 a year marked for fire department vehicle replacement costs. Being very conservative the next truck purchased will be in the year 2016 and 4 -5 years after that the next one could be purchased. This is well passed their initial date of having vehicles replaced.

Weighing in the time frame of purchasing the new truck for \$800,000 and not paying it off until 2016 or later, I have decided that we still need to purchase a Ladder/Platform truck. We still have the same needs for its use at fires and rescues. We also still have the need to replace other pumpers before 2016. The current Snorkel truck responds to about 12 emergencies a year going back 5 years. In those 5 years the engine hour's average was 106 hours. I also looked at changing it out with 502 the 65' ladder/pumper on a every other month bases, 502 averages 110 responses and the engine hours average 147 hours a year. A new Ladder/Platform would average about 60 responses and 75 engine hours if it was in rotation with 502.

The two other pumpers 501 and 504 respond the most to emergencies in the City. Engine 501 responds to all fires and investigations in the City. Engine 504 responds to all EMS and rescue calls. Engine 501 averages about 262 responses and 578 engine hours a year. Engine 504 averages about 785 responses and 711 engine hours a year. Looking at these two engines in 2016 when one of them will be replaced they will have responded to additional 9424 calls and put on 11,601 engine hours. They currently have responded to 7068 responses and 9000 engine hours, one or both of them will need to be replaced by

2016. Both of these fire trucks, this year alone cost the department an additional \$9000 of unplanned costs in vehicle maintenance because of their run volume.

The City Council and the Kirksville Fire Department have two options on truck 506 replacement.

Option 1: accept the Bid from Pierce for a Pierce Quantum 100' Ladder/Platform.

Option 2: reject all of the bids, and look at purchasing a used Ladder/Platform truck that closely meets the bid specifications.

If the Council decides to do option 2, there would be additional cost of looking at a used truck. All of the loose equipment would not be on a used truck; this would be an additional cost of \$ 20,000 to \$ 30,000 depending on what was on the truck. Another item would be how old of a truck would we be looking at 10 years or less would be my recommendation.

I want to thank you for allotting the \$100,000 when the capital tax passed in April; this is the first time that I know of that we have had a yearly budget for fire truck replacement. This will make it easier for future Councils and the Fire Department to decide when and how to budget for Fire Trucks. By purchasing a used truck that is in sound shape and meets our needs will allow us to purchase a new pumper sooner then in the year 2016. We will continue to explore options such as grants to replace the pumpers in the future.

KIRKSVILLE CITY COUNCIL STUDY SESSION ATTACHMENT

SUBJECT: CLARIFICATION TO COUNCIL RECOMMENDATIONS
(2007 Changes to Code of Ordinances)

STUDY SESSION MEETING DATE: September 25, 2007

CITY DEPARTMENT: Police

PREPARED BY: James C. Hughes, Chief of Police

As you are aware, every year the Police Department evaluates the need to update and/or add to the Code of Ordinances for the City of Kirksville. Most of these recommendations are designed to correct deficiencies identified by enforcement officers, or bring the City Code into compliance with Missouri Revised Statutes. This year is no exception. Listed below will be a brief explanation of some of the 2007 recommendations (the specific changes are listed in the amendment document formally presented to Council):

Dogs

The Police Department has discussed charging for dog licenses (only to recoup costs). Although no firm decision has been reached, we are recommending that the language in the ordinance be modified to allow the possibility of charging an administrative fee sometime in the future.

The Police have run into some difficulty in enforcing certain provisions because, by statute, only the owner is responsible for the animal. It is not unusual for persons caring for animals to claim (whether they are being truthful or not), that they are watching the dog for a friend. The Department would like to make anyone responsible for the care of an animal, whether they are the actual owners or not, to be legally responsible for the animals behavior.

Many dog bites are the result of a family pet. Our current code does not allow us to quarantine the animal in place (even if they have proof of vaccination and the victim wants this action). We are recommending that housing in place, within certain parameters, be allowed.

We have run into problems with vicious animals. The code currently requires that they be returned to the owners. We would like, under very specific criteria, if the animal is identified as a continuing public safety hazard that the animal be removed permanently from the city or killed humanely.

The current code only allows us to pursue vicious animal prosecution when the person has been officially notified that the animal is vicious (which requires a prior police written notice). However, there are instances where there is sufficient documentation that the owner should have already known that the animal was vicious. We are recommending that the ordinance be modified to allow vicious

animal complaints to be pursued if the owner should reasonably have known the animal was vicious.

Alcohol

This recommendation merely brings the current code up to date with Missouri Revised Statutes and allows officers to write Minor in Possession tickets (through consumption) in Municipal Court not State Court (as is currently done).

Child Safety Seats

These recommendations update the current municipal Code to be more in compliance with the State Ordinance.

School Bus

This recommendation will bring the Municipal Code into Compliance with the State Law. One major change (which the officer can already enforce via the State) is to create a rebuttable presumption that the owner is the driver of any vehicle violating the school bus ordinance.

Vehicle License Plates

This just changes current language to be a little clearer.

Boot Ordinance

Based on a number of factors (e.g. low fines, complicated paperwork), parking enforcement is not as effective as it could be. This statute (which is modeled after any number of similar ordinances throughout the country) allows the City to put a demobilization device (often referred to as the Denver Boot) on vehicles owned/operated by traffic scofflaws; after they have a minimum of three unpaid parking tickets. This requires that the vehicles owner be held responsible for their actions before the device will be removed.

Scooters/Pocket Bikes

State law (and our Municipal Ordinance) currently allows some motorized devices to be driven on City Streets without being insured or registered. A child hit by a scooter will not be able to tell whether the scooter has a 49 cc motor or a 51 cc motor. One requires insurance and licensing, the other does not. Since they are not licensed, we often recover these small scooters and can not trace their ownership. As a result, we are recommending that all motorized devices (with a few listed exceptions), driven on City streets, be insured and either licensed by the State or City (through the use of a visible sticker). In addition, there is a category of such device being driven on our streets that the police refer to as pocket bikes. They are very small and are extremely difficult to see. The Department is recommending a minimum height, for such devices, before they can be driven on City Streets.